

# **“Daddy, why do we need all those DoD Consultants?”**

## **FMS's 13th Annual Government Financial Management Conference**

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## **LB/RB Teasers:**

**12 = M in a Y**

**18 = H on a GC**

**3 = C in a F**

**1 = W on a U**

## **LB / RB Teaser #2**

**88 = PK**

**STAND**

**I**

**12 = ZS**

**“Sepcutember”**

**11 = FTP**

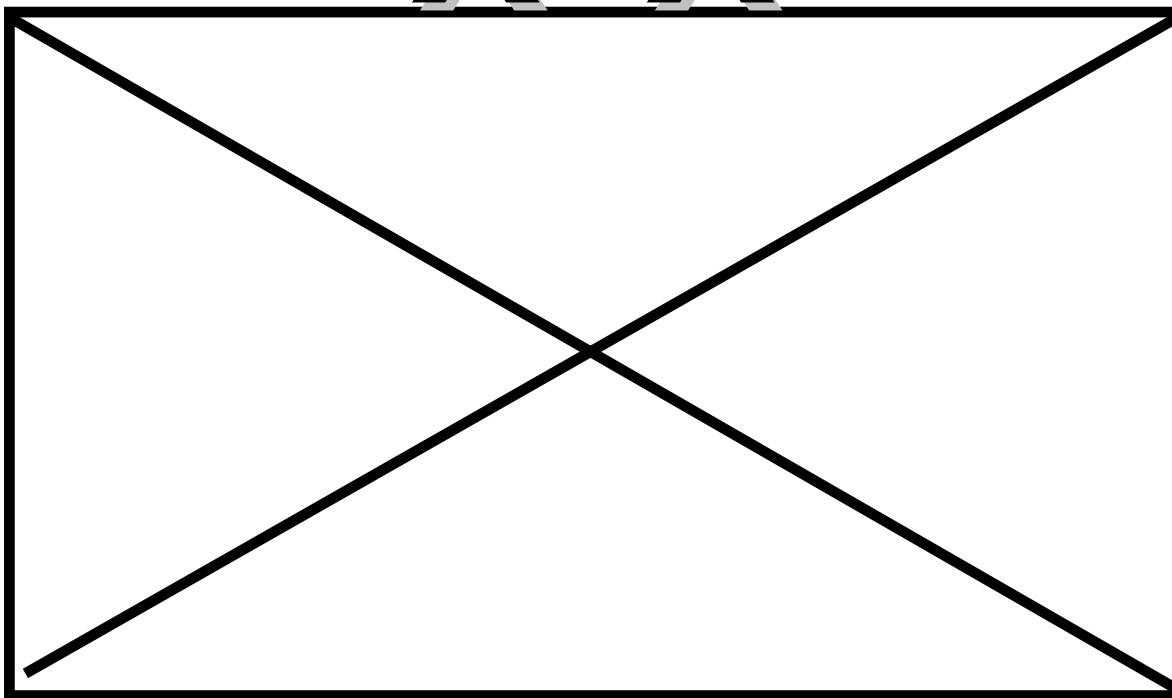
**YOUR HAT**

**76 = TBP**

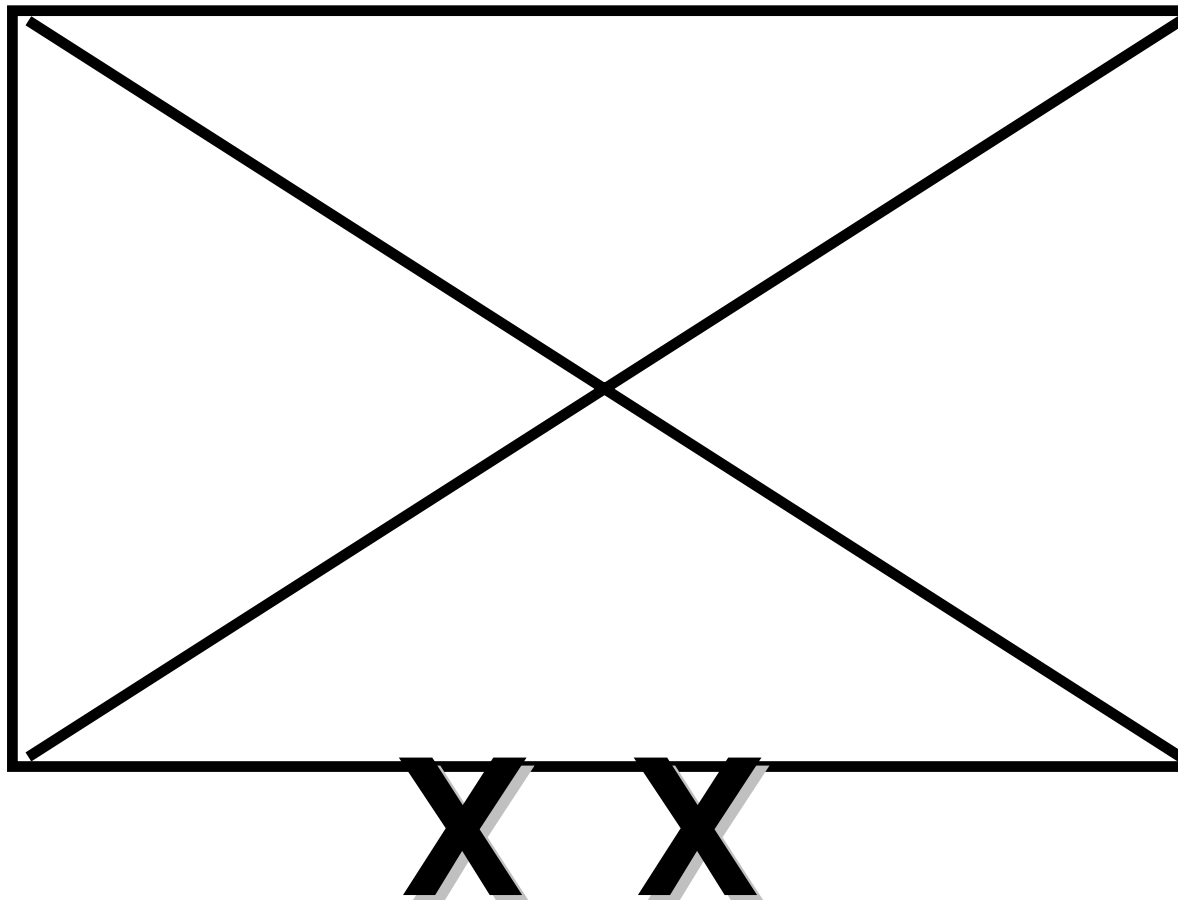
**KEEP IT**

# Military Teaser #1

**X X**



# Military Teaser #2



# **Today's Topics**

- Some DoD FM Context
- “Daddy, why do we need all those DoD Consultants?”
- Looking Back; Looking Forward
- A Few Closing Thoughts

# Magnitude of DoD FM Operations

**DoD is  
Big  
Business!**

## Finance (Monthly totals)

- \$24B disbursements**
  - \$13B contract/vendor pmts
  - \$11B personnel payments
- **\$3.35B intergovernmental payments**
- **1.2M invoices**
- **500K savings bonds**
- **600K travel payments**
- **122K transportation bills**
- **11K garnishments**

## Accounting (Annual totals)

- **\$300+B annual budget**
- **156 active DoD appropriations**
- **226 Treasury acct's**
- **100M accounting transactions**
- **\$162B Investment Manager- Retirement Trust Fund**
- **\$222B in FMS Trust Funds**

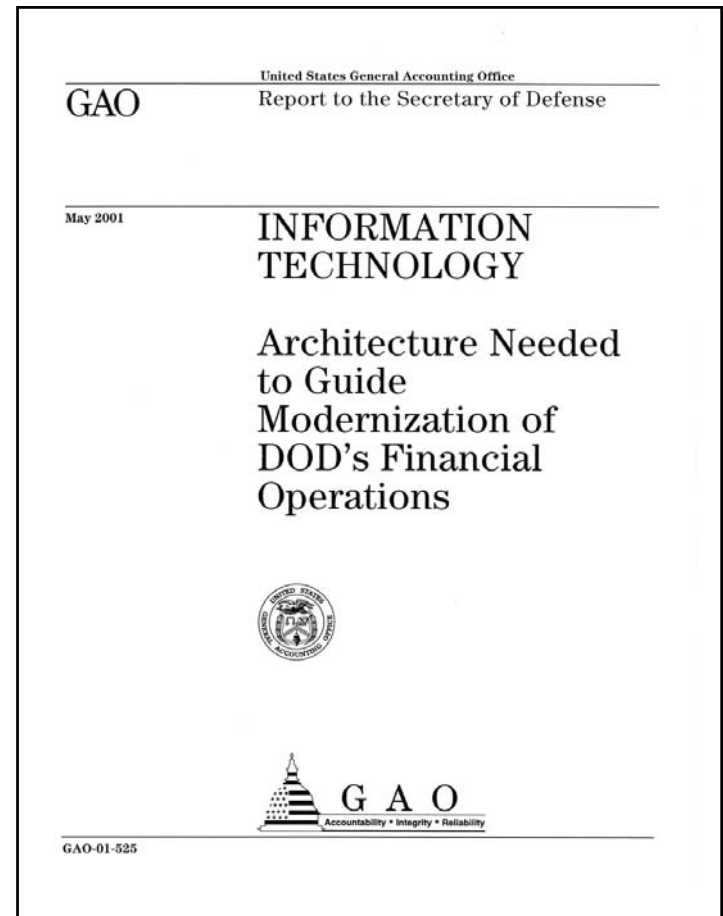
# DoD FM – It's Always Something!!



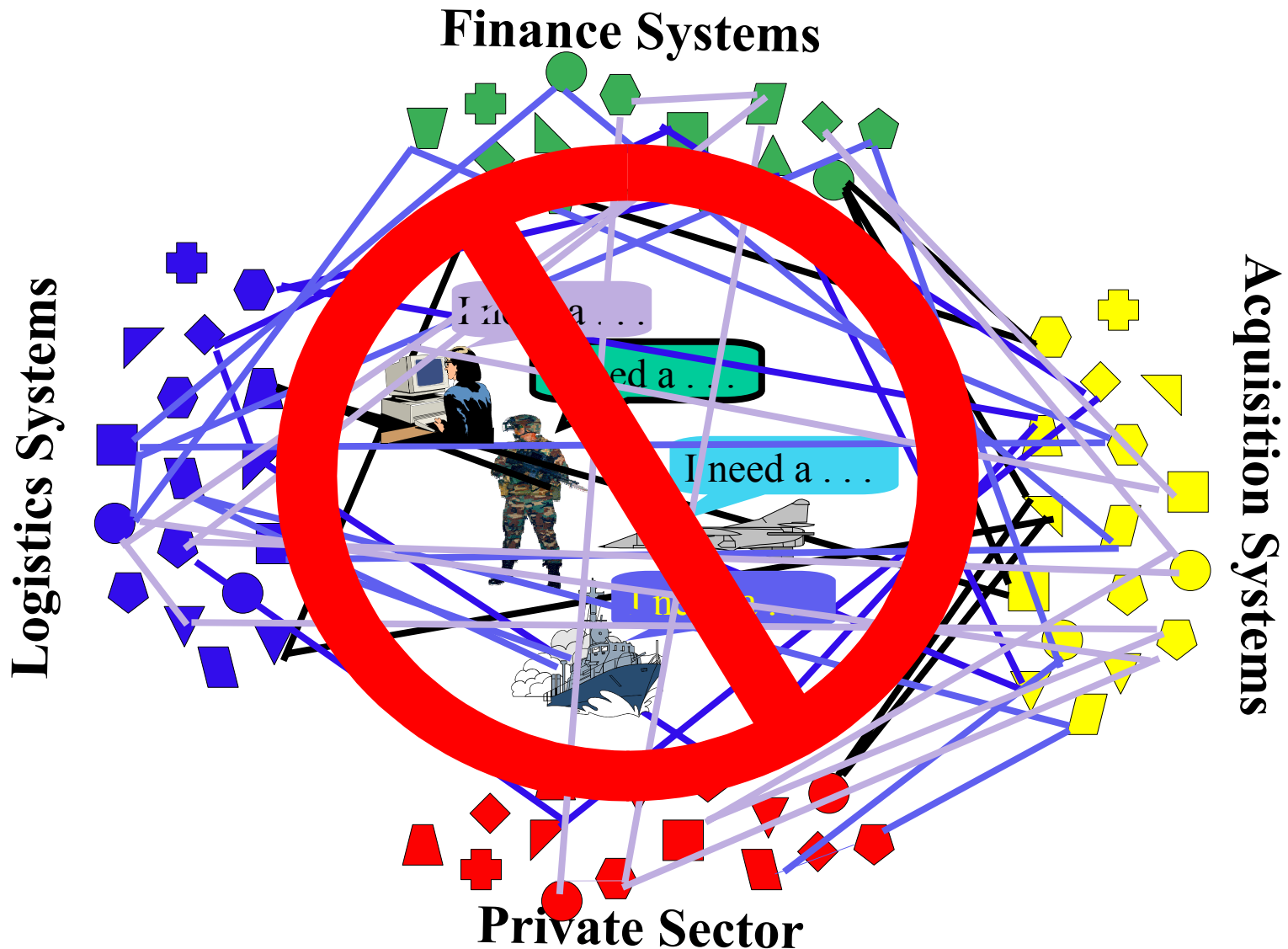
# GAO Report to the Secretary of Defense, May 2001

*“To correct its long-standing and pervasive financial management weaknesses, the Department of Defense plans to invest billions of dollars to modernize its financial management operations and supporting systems.”*

*We recommend that the Secretary of Defense immediately designate DoD financial management modernization a departmental priority and accordingly direct the Deputy Secretary of Defense to lead an integrated program across the department for modernizing and optimizing financial management operations and systems.”*



# Not Helping: Multiple, Nonstandard, Nonintegrated Processes and Systems



# **Resulting in Problems in Control, Efficiency, and Effectiveness**

**Un-auditable, non-CFO Act compliant  
financial statements**

**\$Billions in Problem Disbursements: UMD's  
and Negative Unliquidated Obligations  
(NULO's)**

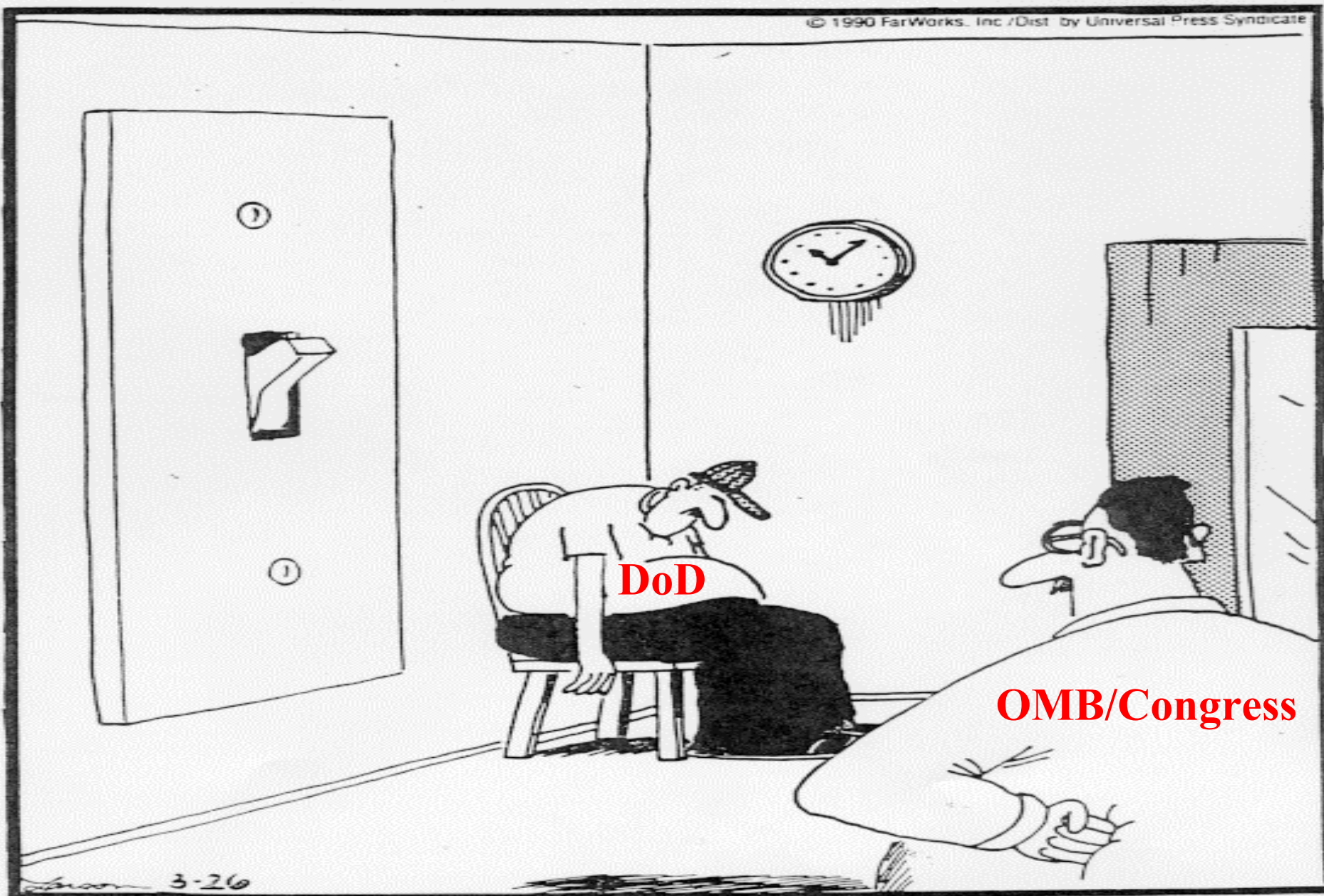
**Operational and IT cost of hundreds of  
independent, overlapping feeder systems**

**Lack of "business" situational awareness -  
for the warfighter, commander, logistician,  
financial manager**

**Lack of cross enterprise management  
data for analysis and decision making**

# the far side

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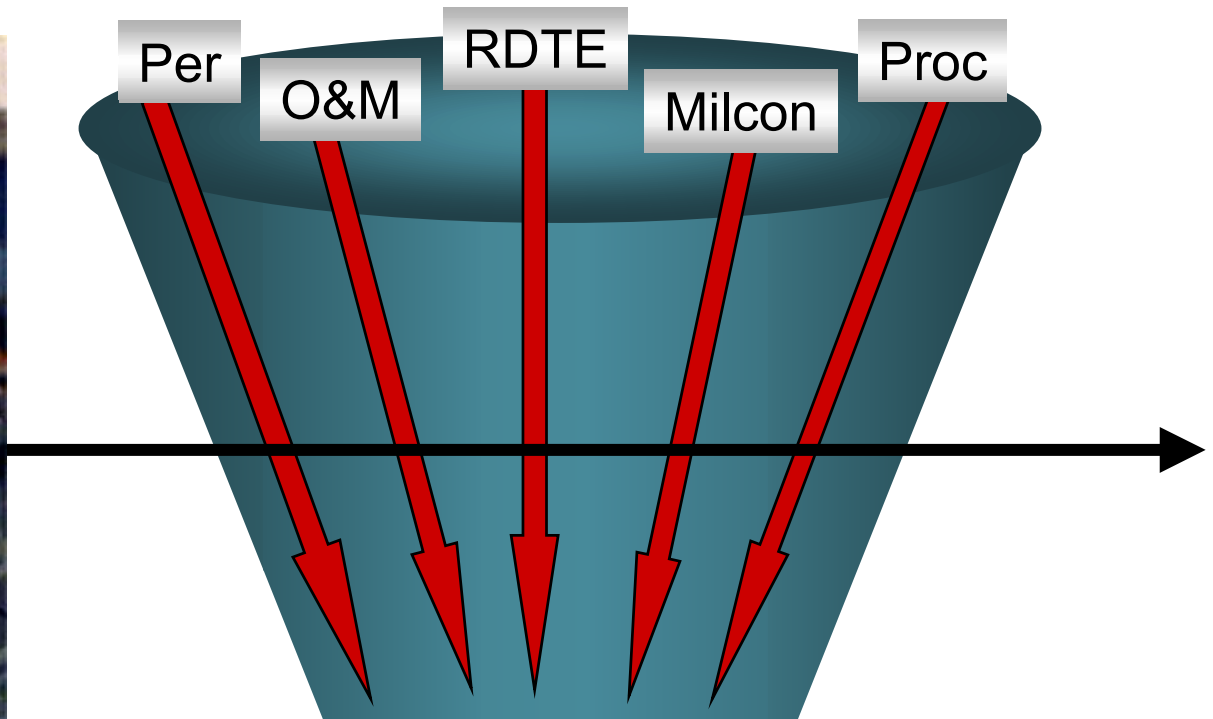


# **So, How Did We Get Here?**

- Stovepiped mission and functional areas
- Non-standard data
- Non-standard processes within DoD and within Military Services
- Today's technology was not available when DoD legacy financial systems were built
- Long history of “unique fixes” for “unique problems”

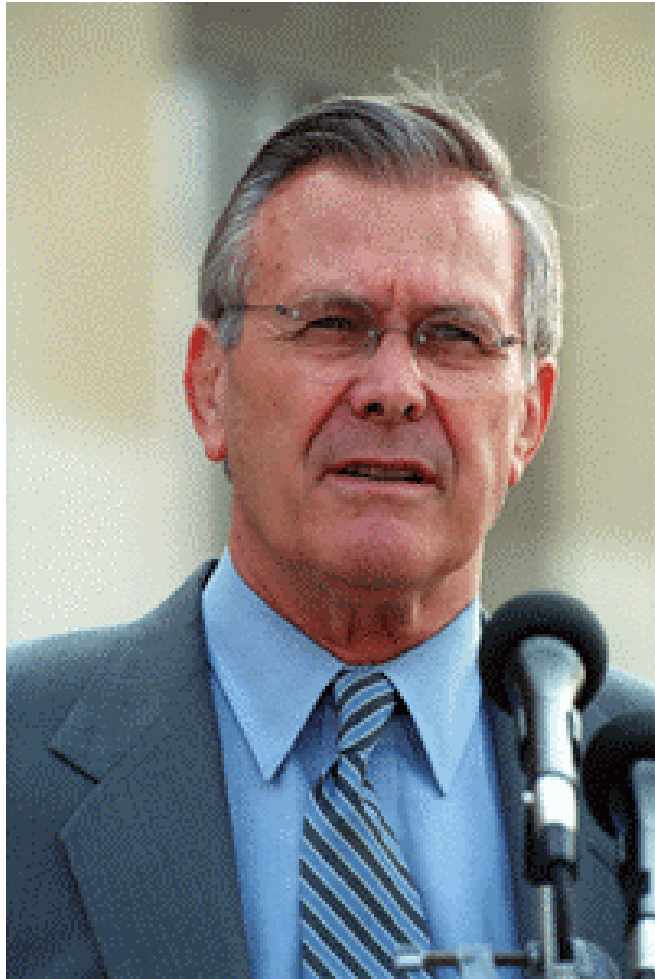
# DoD Funds Flow vs. Program Management & Execution

Congress DoD \$



A Dysfunctional Operating Model

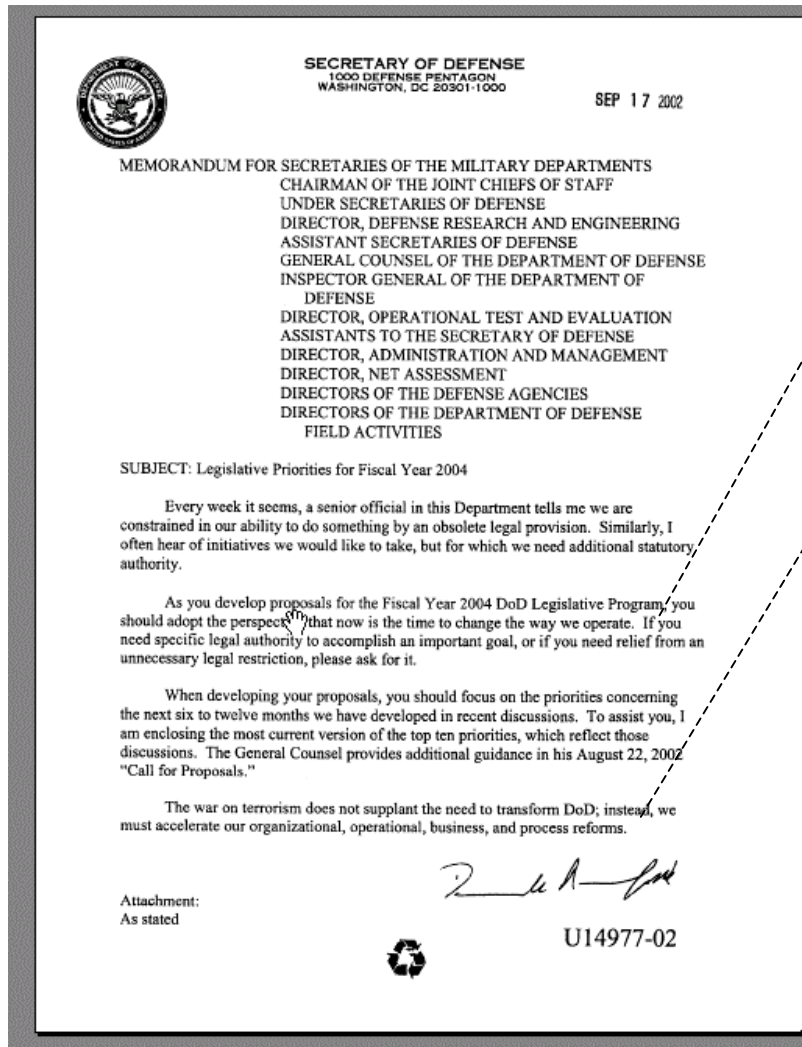
# But, the Boss is Serious about Transforming DoD FM!



- *“We have world-class Armed Forces. We intend to achieve world-class financial management.”*

Secretary of Defense Rumsfeld during confirmation hearings, March 2001

# ... and has reiterated his commitment to sustained DoD FM leadership



- "...you should adopt the perspective that now is the time to change the way we operate."
- "The war on terrorism does not supplant the need to transform DoD; instead, we must accelerate our organizational, operational, business, and process reforms."

## SECDEF TOP 10

- #1 Pursue Global War on Terrorism
- #2 Strengthen Joint Warfighting Capabilities
- ...
- #8 Homeland Security
- #9 Streamline DoD Processes  
- Financial Management Reform
- #10 ....



**“THE FUTURE JUST  
AIN’T WHAT IT USED  
TO BE!”**

**--Great American Philosopher,  
Yogi Berra**

**“So, Daddy, why do we  
need all those DoD  
Consultants?”**



# DoD is:



- Title 10 - A/N/AF/MC/ODA's
- G/W Nichols - Combatant Commanders
- Also a Very, Very Large “Business Enterprise:”
  - Largest Day Care System
  - Largest F&A Operation
  - Largest Hospital System
  - Worldwide School System
  - Worldwide Communities
  - Many other examples

# Private Sector vs DoD – Anything in Common?

## Industry

- Profit
- Cap Investment
- Rev/Sales
- Cash Flow/DOR
- Shareholders/BOD

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## DoD

Cost Savings

RDTE; Proc

Appropriations

Expenditures/A-R

Taxpayers/Congress

“Less is More” -- the more **efficient** a business is, the more profit [i.e., cost savings]; thus, the happier the shareholders [i.e., taxpayers/Congress]

# **So, How Does Consulting Fit In?**

- Sheep Herder?
- Cabaret Dancer?
- Contractor?
- Trusted Advisor?
- Industry Partner?

# **USMC RULES OF COMBAT**

- **IF THE ENEMY IS IN RANGE, SO ARE YOU.**
- **TRY TO LOOK UNIMPORTANT; THEY MAY BE LOW ON AMMO.**
- **THE ENEMY INVARIABLY ATTACKS ON ONE OF TWO OCCASSIONS:**
  - **WHEN YOU'RE READY FOR THEM**
  - **WHEN YOU'RE NOT READY FOR THEM**
- **WHEN THE PIN IS PULLED, MR. GRENADE IS NOT YOUR FRIEND.**
- **TRY NOT TO DRAW FIRE; IT IRRITATES THE PEOPLE AROUND YOU**
- **IF IT'S STUPID BUT WORKS, IT ISN'T STUPID.**



# So, Why Use Consultants?

- Manpower Shortages; Mission Same - QDR?
- Lack of Specific Expertise – Event Driven
- Leverage Leading Industry Practices & Technology
- Obtain Credibility for DoD Action/Initiative(s)
- DoD Leadership “*Push*” to Shift Functions to Private Sector

# And, What Should You Expect in a Consultant or Industry Partner?

- **Proven Performance & Track record**
  - References
  - Engagements of similar size, scope, complexity
  - Cost/Price - - Reasonable? Best Value?
- **Proven Approach – the “how”**
  - Single accountability model -- reduces risk
  - Achievement of clearly defined outcomes early-on
  - Collaborative partnership - integrated team for ownership, knowledge transfer, optimization of resources
  - Considers Change Management Implications
- **Proper Business Behavior and Conduct**
  - References
  - Gut Check → **TRUST Factor**



# Never Forget What \$1 Million Buys

**3,800 SETS OF GORE TEX  
(TOPS AND BOTTOMS)**

**1 SET OF HOT WEATHER  
BDUs FOR A DIVISION  
(17,000 SOLDIERS)**

**6,000 PAIR OF DANNER  
COLD WEATHER BOOTS**

**12,500 COLLEGE SEMESTER  
HOURS FOR SOLDIERS**

**WEIGHT TRAINING EQUIP  
FOR 22 BDE SIZED GYMS**

**M16 AMMO TO FULLY  
QUALIFY 30,600  
SOLDIERS ANNUALLY**

**67 STATE OF THE ART  
TRACK MOUNTED  
SINGARS RADIOS**

**900 27 INCH TVs W/1  
YEAR OF CABLE FOR  
UNIT DAYROOMS**

**435 TRACK MOUNTED  
GLOBAL POSITIONING  
SYSTEMS (GPS)**

**18 HMMWVs**

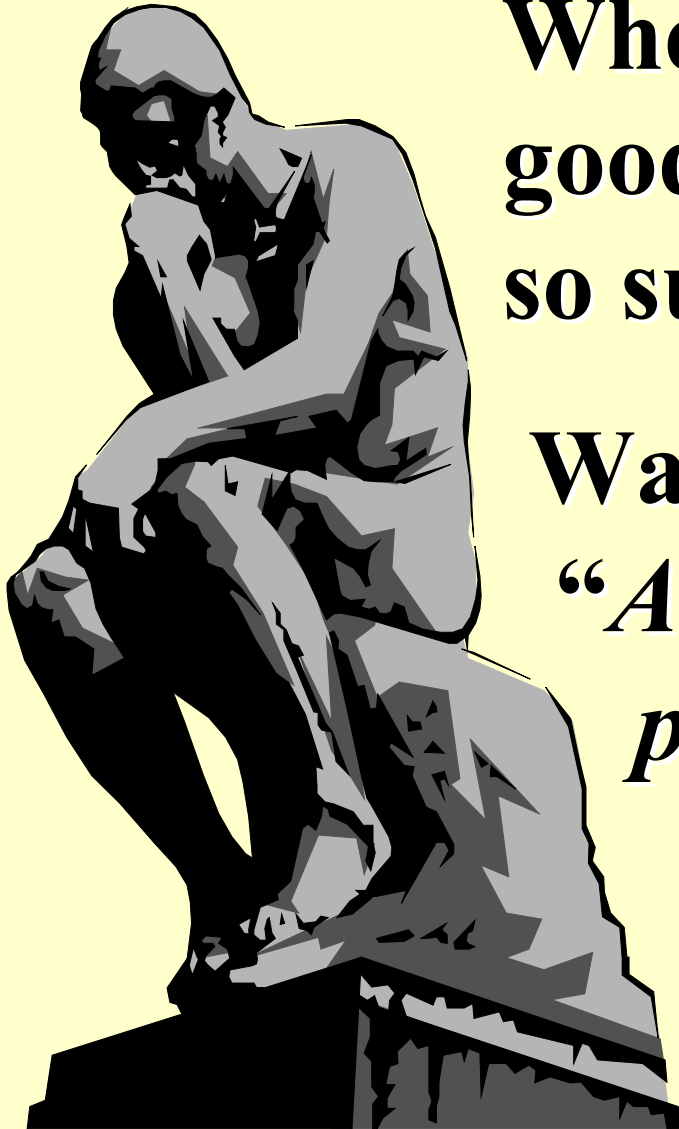


**“So, Daddy, why do we need all those DoD Consultants?”**

In sum, it's industry leadership, proven performance, communication, added value, and **trust** as a partner....

**“Yes, Virginia, there is a place for those  
“Consultants” in DoD’s transforming future.”**

# MORAL OF THE STORY?



When asked, “Why are you so good? How is it that you are so successful?”

Wayne Gretzky said:

*“Anyone can be where the puck is...I always try to be where the puck is gonna be.”*

# QUESTIONS?





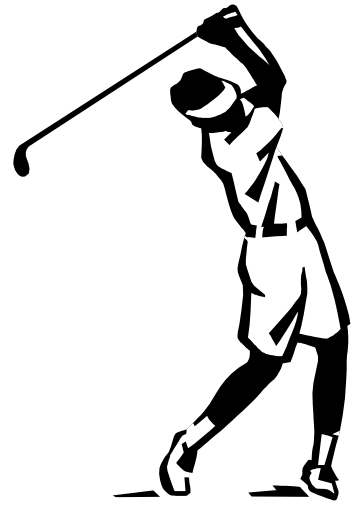
# “HOOAH!!”

**HOOAH;** (Who-a) adj: {Slang used by Real Soldiers: primarily Air Assault, Airborne, Special Operations Forces, Rangers & the Finance Corps}

Referring to or meaning anything and everything except “NO”

- 1) Good Morning. 2) Yes. 3) Roger.
- 4) Thank you. 5) You’ve got to be kidding.
- 6) Good copy. 7) Good. 8) Next slide.
- 9) Great. 10) You’ve taken the correct action.
- 11) Message received. 12) Welcome.
- 13) Understand. 14) OK. 15) Action.
- 16) I don’t know what you mean.
- 17) Glad to meet you. 18) **Amen!!**

# **Please Keep in Touch:**



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